



# STAYING connected



MoDOT & Patrol Employees' Retirement System

December 2010

## 2011 COLA Rate to be Determined Late January

The 2011 cost-of-living allowance (COLA) will be calculated and announced late January, which is when the U.S. Department of Labor generally releases the December CPI-U numbers needed for the calculation.



Once the 2011 COLA rate is determined, MPERS will post it on [www.mpers.org](http://www.mpers.org) and send a notice with your January payment stub.

The laws authorizing MPERS to pay a COLA also dictate how the annual COLA rate is determined. The annual COLA rate is based on a percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U).

Based on data for the first 11 months of the year, it appears there will be a COLA in 2011 for all benefit recipients including:

- Year 2000 Plan retirees/payees.
- Closed Plan retirees/payees who have already met their 65% COLA cap.
- Closed Plan retirees/payees who were hired on or after August 28, 1997.

### Closed Plan Members Who Are Still Eligible for the 4% COLA

Eligible Closed Plan retirees/payees who have **NOT** reached their 65% COLA cap will receive a 4% COLA in October 2011. Generally speaking, the COLA cap under the Closed Plan is reached in approximately 12 years (includes the BackDROP period, if applicable).

## 1099-R Tax Forms Will be Mailed in January

Tax time is here again. The 1099-R tax forms are scheduled to be mailed to you in late January. You will need this form to file your 2010 tax return.

If you received more than one type of benefit payment from MPERS in 2010, you will receive a separate 1099-R for each type of benefit payment. For example, if you received a BackDROP payment in 2010 in addition to your monthly benefit payments, you will receive a 1099-R for your BackDROP and a separate 1099-R for your monthly benefit payments. All 1099-Rs will be mailed at the same time.

### Sample of 1099-R

VOID		CORRECTED		OMB No. 1545-0118		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution		2010		Form 1099-R	
		\$					
2a Taxable amount		\$					
2b Taxable amount not determined		<input type="checkbox"/>		Total distribution		<input type="checkbox"/>	
PAYER'S federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a)		4 Federal income tax withheld		Copy 1 For State, City, or Local Tax Department	
		\$		\$			
RECIPIENT'S name		5 Employee contributions (Designated Roth contributions or insurance premiums)		6 Net unrealized appreciation in employer's securities			
Street address (including apt. no.)		\$		\$			
City, state, and ZIP code		7 Distribution code(s)		8 Other			
		9a Your percentage of total distribution		9b Total employee contributions			
		%		\$			
1st year of design. Roth contrib.		10 State tax withheld		11 State/Payer's state no.		12 State distribution	
		\$				\$	
Account number (see instructions)		13 Local tax withheld		14 Name of locality		15 Local distribution	
		\$				\$	

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# Is the Net Amount of Your Benefit Payment Different?

## This might explain why...

Each December and January, we receive calls from benefit recipients asking – “Why is the amount of my benefit payment different?” Below are the most common reasons why your net benefit (after taxes/ deductions) might be different in December or January. **Comparing the deduction amounts on your current monthly payment stub, with the deductions from your previous month’s payment stub, will help you identify the amount(s) that changed.**

### If Your December Benefit Payment is Different...

- **Medical Premiums.** If you have medical coverage through the MoDOT/MSHP Medical and Life Insurance Plan, you could see a difference in the net amount of your December benefit payment. The new medical insurance premiums go into effect each January. However, the premiums for your coverage come out of your benefit payment the month before the actual coverage. For example, the premiums for your January coverage are deducted from your December benefit payment. The Plan sends a reminder announcement with your November payment stub. For questions related to your medical premiums, please contact MoDOT/ MSHP Medical and Life Insurance Plan at (877) 863-9406, Option 3.

MoDOT and Patrol Employees' Retirement System 1913 William st, PO Box 1930 Jefferson City, MO 65102-1930

	Income	Current	Year to Date	Deductions	Current	Year to Date
Check Number 136185	Retirement	\$2,478.99	\$24,769.90	Federal Tax	\$311.70	\$3,117.00
Check Date 12/31/2010				MO-State Tax	\$32.00	\$320.00
Withholding Status				Medical	\$102.00	\$1,020.00
Federal Single/0 + \$34.00						
State Flat Amount \$32.00						
Messages				Total Income	\$2,478.99	\$24,769.90
				Total Deductions	\$445.70	\$4,457.00
				Net Benefit	\$2,031.29	\$20,312.90

MoDOT and Patrol Employees' Retirement System 1913 William Street, PO Box 1930 Jefferson City, MO 65102-1930

NO. 135185 Void after 120 days

CENTRAL BANK Jefferson City, MO

Check Date 12/31/2010 Check Amount \$\*\*2,031.29\*\*

PAY \*\*\*TWO THOUSAND THIRTY-ONE AND 29/100 DOLLARS\*\*\*

TO THE ORDER OF Joseph E Retiree

*Jessie Dase*

- **Dental/Vision Premiums.** If you have dental or vision coverage through the Missouri Consolidated Health Care Plan (MCHCP), the new premiums go into effect each January. The premiums for your January coverage will be deducted from your December benefit payment. For questions related to your dental/vision premiums, please contact MCHCP at (800) 487-0771.

### If Your January Benefit Payment is Different...

- **Federal and/or Missouri State Tax Withholding.** Generally speaking, the new federal tax withholding tables go into effect each January. When the new tax tables go into effect, your net benefit (after tax) amount can be more or less, depending on your tax withholding election.

For your convenience, a simple tax withholding calculator is available on the home page of MPERS' website at **www.mpers.org**. The calculator will allow you to estimate the net amount of your benefit payment, based on the tax withholding and applicable deductions you enter (*must have Microsoft Excel on your computer*).

This calculator is available for estimate purposes only and does **not** change your tax withholding elections. You may change your Federal or Missouri State tax withholding election at any time by completing a new *W-4P Substitute* withholding form and submitting it to MPERS. The form is available on our website at **www.mpers.org** or by calling (800) 270-1271.

# Tax Withholding Notice



The Tax Equity and Fiscal Responsibility Act of 1982 requires that we remind you each year that the monthly benefit payments you receive from MPERS are subject to federal tax withholding.

If you claim residence in Missouri, your benefits are also subject to state tax. MPERS will withhold Missouri income tax at your request.

MPERS does **not** withhold state taxes for any state other than Missouri. If you have questions regarding state taxes where you live, we recommend that you contact the appropriate state and local tax authorities in your state.

Keep in mind that you may change your tax withholding election at any time, either electronically or by completing a new form. Whenever you wish to change your tax withholdings, you may do so by:

- Submitting a *W-4P Substitute* electronically, using MPERS' Secure Member Access - **www.mpers.org** (Register for your personal Username and Password online.)
- Completing a new *W-4P Substitute* form, which is available on our website or by contacting MPERS' office.

**www.mpers.org**

## Calculator



For your convenience, there is a Federal and Missouri State tax withholding calculator on MPERS' website (must have Microsoft Excel on your computer).

Link to calculator located in lower left corner of home page.



Missouri Local Technical Assistance Program (LTAP) is always looking for qualified instructors to teach a variety of classes that they offer. If you are a MoDOT retiree, your years of service with MoDOT have provided you with expertise that can be a tremendous resource for local transportation agencies across the state. Depending on your service to MoDOT and your related work experience, you may be qualified to earn money as an LTAP trainer or representative at LTAP trainings in your area.

Missouri LTAP offers a variety of courses, which are held in various locations across the state. These courses are instructed by individuals from various backgrounds. Some of the current instructors include retired MoDOT employees, ATSSA trainers, Linn State Technical College faculty, independent instructors and various other individuals with experience directly related to the course(s) they teach. Because MoDOT deals with many of the same issues as local agencies, retired MoDOT employees make great Missouri LTAP instructors. Missouri LTAP also needs people around the state to attend courses and assist the trainers by doing such things as registering the participants and setting up refreshments. This would also allow you to interact with local agencies and help ensure they know about Missouri LTAP and the services that are provided.

You can find out more about Missouri LTAP and the courses offered at:

**www.moltap.org**

If you have questions, please contact:

**Heath Pickerill,**  
**Missouri LTAP Director**  
**Email: pickeril@mst.edu**  
**Phone: (573) 341-7637**



# 2010 Federal and Missouri Income Tax Exemption Reminders

As a retiree, you might be eligible for certain Federal or Missouri State tax exemptions when you file your annual income tax return. **If you have questions regarding these exemptions or your taxes in general, please contact a tax professional. MPERS staff cannot answer your tax questions.**

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## Federal Tax Exemption

### Pension Protection Act of 2006

*(for retired public safety officers)*

The Pension Protection Act of 2006 allows **retired public safety officers** to exclude up to a maximum of \$3,000 in medical, dental, and vision insurance premiums made from your eligible retirement plan. A **public safety officer** is defined as a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew. *(See your December payment stub for the total premiums paid.)*

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## Missouri State Tax Exemptions

### Public Pension Exemption

Married couples with Missouri adjusted gross income less than \$100,000 and single individuals with Missouri adjusted gross income less than \$85,000, may deduct the greater of \$6,000 or 65% of their public retirement benefits, to the extent the amounts are included in their Federal adjusted gross income. The deductible percentage of their public retirement benefits will increase each year until 2012. The limit for 2011 will be 80% and 2012 going forward will be 100%. The total public pension exemption is limited to \$33,703 for each spouse.

### Social Security and

### Social Security Disability Deduction

Married couples with Missouri adjusted gross income less than \$100,000 and single individuals with Missouri adjusted gross income less than \$85,000, may deduct up to 65% of taxable Social Security and Social Security Disability Benefits. The deductible percentage of their Social Security and Social Security Disability Benefits will increase until 2012. The limit for 2011 will be 80% and 2012 going forward will be 100%. Individuals must be age 62 to qualify for a Social Security deduction.

### Qualified Health Insurance Premiums Subtraction

Qualified health insurance premiums you paid (including those withheld from your pension benefit) may be used to reduce your Missouri adjusted gross income. Do not include any pre-tax premiums paid, any premiums already excluded from Federal taxable income, or any long-term care insurance premiums. A worksheet is provided with the MO-1040/MO-A instructions that should be used to determine the allowable subtraction. *(See your December payment stub for the total premiums paid.)*

### Military Retirement Income Deduction

Beginning January 1, 2010, HB 82 authorizes an income tax deduction from a taxpayer's Missouri adjusted gross income for 15% of any military retirement income, regardless of age or income. The tax deduction rate will increase by 15% annually until January 1, 2016, when it is fully phased in and all of the military retirement income will be deductible.

### Public Safety Officer Surviving Spouse (SSC) Tax Credit

Any surviving spouse of a public safety officer who was killed in the line of duty may be eligible for a credit against the tax due under Chapter 143, RSMo, excluding withholding tax, equal to the amount of property taxes paid on their homestead.

For tax years beginning on or after January 1, 2008, the credit may be claimed for the tax year beginning the year of the death of the public safety officer until the surviving spouse remarries. Eligible public safety officers are any firefighter, police officer, park ranger, conservation officer, commercial motor enforcement officer, emergency medical technician, first responder, or highway patrolman employed by the state of Missouri or a political subdivision of Missouri, who was killed in the line of duty. To claim the credit, attach forms MO-SSC or MO-TC to your individual income tax return.